GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2400
ANSWERED ON:23.07.2004
SETTLEMENT OF INSURANCE CLAIMS OF TOBACCO FARMERS
Reddy Shri Magunta Sreenivasulu

Will the Minister of FINANCE be pleased to state:

(a) whether insurance companies are taking very long time to settle the claims of tobacco farmers;

(b) if so, the reasons therefor; and

(c) the steps taken by the Government to fix up time limit for settlement of the claims?

Answer

MINISTER OF STATE rN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a): No, Sir.

(b); Does not arise.

(c): Section 14(2)(b) of the Insurance Regulatory and Development Authority Act, 1999 empowers Insurance Regulatory and Development Authority(IRDA) for protecting the interest of the policy holders including matters relating to settlement of claims. The Authority in terms of the powers conferred on it under IRDA Act, 1999 has issued IRDA (Projection of Policyholders` Interests) Regulations, 2002 on 26th April, 2002. As per the provisions of this Regulation, the insurer is under obligation to offer the settlement of claim to the insured within 30 days of the receipt of the survey report and shall make the payment within 7 days from the date of acceptance of the offer by the insured. In the event of default for payment of dues within the stipulated period to the insured or its nominee, the Insurance Companies are liable to pay interest at a rate which is 2% above the bank rate prevalent at the beginning of the financial year. The IRDA has ensured widespread publicity on claims settlement procedures and taken steps to educate the insured about the provisions contained in the Protection of Policyholders` Regulations.